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FARM PROGRAMS FOR 1943

THE AGRICULTURAL SITUATION

DECEMBER 1942

A Brief Summary of Economic Conditions

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FARMERS WILL MEET their greatest test in 1943 as food needs mount with each new military or naval campaign. There are limits to the quantity of cropland and of skilled farm labor. These in turn will limit total production. Demand will outrun supply for a growing number of foods. Production goals for 1943 call for efficient use of every acre of cropland, every hour of labor; for effective use of all agricultural resources. Agricultural programs of credit, loans, payments, and price-supports, education, research, technical assistance, crop insurance, and marketing are all being geared to help farmers produce to the limit. The Department of Agriculture is working constantly with other branches of the Government to help shape the over-all war programs in a way that will facilitate all-out food production. Many of the 1943 goals are minimums, particularly those for hogs and milk. If farmers can exceed them, so much the better. It will mean greater stockpiles for the day when occupied regions of Europe and Asia are liberated. No one in the United States will go hungry, but the fighting men come first. The variety of diet left for civilians will depend in large measure on how well agriculture does its job in 1943.

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Commodity Reviews

PRODUCTION: 1943 Goals

Farmers apparently reached the practical limit of total crop acreage in 1942. Therefore, the 1943 production goals call for roughly the same total acreage—which will mean decreased crop production if yields drop back to normal from the record high yields reached this past year. That prospect makes it all the more important for farmers to make efficient use of every acre and to shift where necessary from less essential to more essential crops. Livestock goals for 1943 call for at least a 10-percent increase in total production. Farmers will be urged to exceed the goals for hogs and milk, particularly, if at all possible.

The greatest shifts requested in crop acreage for 1943 would bring about the following approximate changes as compared to the actual acreages estimated for 1942: 4 million acres more corn, 1.3 million acres more peanuts, 800,000 acres more grain sorghums, 300,000 acres more Irish potatoes, 400,000 acres less soybeans for beans, 3.3 million acres less oats, 1.5 million acres less cotton, and 1 million acres less wheat.

Livestock goals call for 15 percent more pigs, slaughter of 9 percent more cattle and calves, production of 2 percent more milk (an increase of 2 billion pounds), 8 percent more eggs, and 28 percent more pounds of chicken for meat. These and other goals for 1943 will be discussed in detail in the January issue of The Agricultural Situation.

Preliminary estimates for 1942 indicate that production of virtually all commodities this year except peanuts, potatoes, canning tomatoes, canning peas, hogs and milk, equalled or exceeded the 1942 goals announced last January. Total livestock production was at or slightly above the goals, total crop production was around 15 percent above the goals, and production of crops and livestock together was 5 percent above the goals.

LABOR: Deferment

A recent amendment to the Selective Service Act directs local draft boards to defer men between 18 and 45 years old who are regularly employed in farm work essential to the war effort. This does not include seasonal or temporary workers.

Selective Service asked the Department of Agriculture to assemble information that can be used to establish a uniform policy of determining what types of agricultural occupations are essential. Meanwhile, Selective Service Boards are to consult with County USDA War Boards in making such decisions. Deferred workers will not lose their deferment if they change from one necessary farm job to another, but they should first consult with their local board. If a deferred worker moves from a farm job into industry without a permit, he will be immediately reclassified into I–A. A local board cannot release for enlistment in the armed services a farm worker entitled to deferment in class II–C or III–C.

This program is expected to be particularly helpful in maintaining or increasing production on livestock farms. The Department of Agriculture and the United States Employment Service will cooperate in training and recruiting labor for such farms.

Total employment on farms November 1 was 10,879,000—down seasonally about 1 million from the preceding month and up slightly from November 1941. However there were more women, children, and townspeople in the farm labor force.

During the 12 months ended in September more than 900,000 farm workers and operators took jobs in industry, and nearly 600,000 went into the armed forces. There was a net

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decrease of nearly half a million men 18 to 44 years old, working on farms. Biggest increase was nearly 160,000 more boys and girls 14 to 17. Other increases: Nearly 150,000 more men 45 and over; more than 75,000 more women 18 and over; and more than 70,000 more children under 14.

Two-thirds of the farmers interviewed said their farms could handle as much crops and livestock next year as in 1942, taking labor prospects into consideration; one-third said they could not. But two-thirds of the farms 1,000 acres and over expected decreased production in 1943. Those are the farms with the largest percentage of draft-age men.

Latest figures on farm wage rates (reported quarterly) are 220 percent of the 1910–14 average, as of October 1, 1942.

PRICES: Ceilings, Floors

Strong demand for agricultural commodities for military, lend-lease and civilian consumption is expected to hold the prices of most commodities at or near ceiling levels during the coming year, with some exceptions in the seasons of heaviest marketings.

Fully 90 percent of the foods bought by the average family have been under price ceilings since October 3—compared to 60 percent before Congress revised the law. The law now permits ceilings to be placed on farm or farm-derived products at a price that will reflect to producers 100 percent of parity or the highest price they received between January 1, 1942 and September 15, 1942, whichever is higher.

Most of the price ceilings announced last April were based on the highest prices charged by individual sellers in March; whereas ceilings announced in October were based on prices charged from September 28 through October 2. The Office of Price Administration has announced that its policy will be to work toward replacement of the base-period ceilings for individual food processors with definite dollar-and-cents schedules; and generally to replace the ceilings at wholesale and retail levels with margin controls.

The Act of October 2 authorizes loans on the basic commodities at 90 percent of parity, with permission to set them at 85 percent of parity where necessary to hold down feed costs and encourage livestock production. Thus, loans will be made at 90 percent of parity on cotton, rice, tobacco and peanuts; and at 85 percent of parity on corn and wheat.

Moreover, the law authorizes price supports at not less than 90 percent of parity, within the limit of funds available, on all other commodities for which the Secretary of Agriculture publicly requests increased production. These loan rates and price supports are to continue in force at not less than these levels until two years after the close of the year in which the war ends.

MARKETING AND TRANSPORTATION: Problems

The Department of Agriculture announced that it cannot assist with the production or marketing of less essential winter vegetable crops, with the result that these commodities may become subject to marketing and transportation difficulties.

Charges for marketing 58 important food products increased 1 percent from mid-September to mid-October. Payments to farmers for food products contained in the family food basket were $224 in October, up 3 percent from the preceding month. The farmer's share of the retail dollar held at 54 cents for the third consecutive month.

Although crushing capacity for oilseeds is adequate for the country as a whole, mills are not well located with respect to the present areas of supply of beans and seeds. While excess capacity exists on both coasts and in

the South, capacity in the Midwest is not adequate to handle the large soybean crop there. The solution will necessarily lie in moving the beans to the mills or moving the mills to the source of production.

RATIONING: Farm Supplies

Milk cans and farm fencing have been added to the list of supplies which will be rationed by the Department of Agriculture. Farm fencing includes barbed wire, woven or welded wire fence, poultry netting and poultry flooring. Milk shipping containers included are those with "a substantially cylindrical shape, a coating of tin or substitute sanitary coating, and a necked-in top so that the opening is smaller than any part of the body cylinder."

DEMAND: Rising

Industrial production reached 188 percent of the 1935–39 average by October, a rise of 12 points from June. In the preceding 5 months, the index has risen only 4 points. From March to September factory pay rolls rose 24 percent, after adjustment for seasonal variation, and the wage income of industrial workers rose 21 percent.

Despite an expected increase of 7 billion dollars in consumer expenditures and 3 billion in taxes in 1942 as compared with 1941, the excess of income over expenditures will increase to around 25 billion dollars. In 1943, the rise in consumer income probably will exceed the increase in personal taxes by around 10 billion dollars, and the amount of goods and services available to civilians will be reduced.

PORK: New Ceilings

Wholesale prices of almost all cuts of pork are now covered by dollars-and-cents ceilings, replacing individual ceilings set for each seller at his March 3–7 level. Price ceilings for each variety of wholesale cuts will be based on the central zone, which includes all of Iowa and parts of nearby States between the thirty-ninth and forty-fifth parallels and the ninety-first and ninety-ninth meridians.

Examples (central zone, dollars per 100 pounds): grade A sliced bacon, 34.50 cents; smoked skinned hams, under 14 pounds, 33.00; Boston butts, fresh, average 4–8 pounds, 29.25; smoked picnics, 28.50; spare ribs, fresh, 19.25. For the Chicago zone, which includes parts of Wisconsin and Illinois outside the central zone and St. Louis, Mo., add 25 cents per 100 pounds. Prices outside the central and Chicago zones will be the central zone base price, plus a specified freight differential.

The new ceilings are expected to help restore normal distribution of pork supplies among market areas.

Farmers apparently are feeding hogs to heavier weights than usual as a result of the exceptionally favorable hog-corn price ratio. In mid-November, 100 pounds of live hog was worth 17.7 bushels of corn (U. S. average at local markets) as compared with 15.2 in November 1941 and with the 20-year average (1922–41) of 12.3 for November. Inspected slaughter in October totaled 4.2 million head, 10 percent more than in September but only 2 percent more than in October last year. This indicates that there will be exceptionally heavy marketings because the spring pig crop was 25 percent greater in 1942 than in 1941. The favorable feeding ratio will be a strong incentive to attainment of the 1943 goal—a 15-percent increase in the pig crop.

CATTLE: Supplies

Favorable relationships this fall between prices of feeder cattle, feed and fat cattle, indicate large numbers of cattle will be fed again in the 1942–43 season.

By early November, prices of well-finished cattle were the highest since 1937, and other slaughter cattle were

selling at or above previous highs of 1942. Unusually strong demand more than offset the increase in supplies. Slaughter supplies will decrease seasonally in the next month or two, but will continue large throughout 1943. Calves slaughtered this fall averaged unusually heavy, due in part to increased slaughter of beef breeds.

Shipments of stocker and feeder cattle into the Corn Belt in October probably set a record for the month. They were up nearly 20 percent from October 1941.

In November, the civilian beef quota for the period from October 1 to December 1 was reduced another 10 percent. Slaughterhouses were ordered by OPA to cut their deliveries of beef for civilian use from 80 to 70 percent of deliveries during the last quarter of 1941. OPA also eliminated the provision which permitted a slaughterer to overrun his beef quota by 10 percent in any quarter and take this amount out of his quota for the next quarter.

Index Numbers of Prices Received and Paid by Farmers

[1910–14=100]

Year and month	Prices received	Prices paid interest and taxes	Buying power of farm products [1]
1941			
January	104	128	81
February	103	128	80
March	103	129	80
April	110	129	85
May	112	130	86
June	118	132	89
July	125	133	94
August	131	136	96
September	139	138	101
October	139	141	99
November	135	143	94
December	143	143	100
1942			
January	149	146	102
February	145	147	99
March	146	150	97
April	150	151	99
May	152	152	100
June	151	152	99
July	154	152	101
August	163	152	107
September	163	153	107
October	169	154	110
November	169	155	109

[1] Ratio of prices received to prices paid, interest and taxes.

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

	5-year average, August 1909-July 1914	November average, 1909–13	November 1941	October 1942	November 1942	Parity price, November 1942
Wheat (bushel) ..... cents	88.4	87.3	93.4	103.5	104.4	137.0
Corn (bushel) ..... do	64.2	59.4	63.7	77.5	75.9	99.5
Oats (bushel) ..... do	39.9	38.2	41.1	43.2	44.3	61.8
Rice (bushel) ..... do	81.3	.....	123.2	139.6	146.9	126.0
Cotton (pound) ..... do	12.4	12.1	15.78	18.87	19.22	19.22
Potatoes (bushel) ..... do	69.7	61.4	77.4	102.5	108.4	[2] 111.5
Hay (ton) ..... dollars	11.87	11.89	8.71	9.39	9.84	18.40
Peanuts (pound) ..... cents	4.80	4.5	4.61	5.77	5.94	7.44
Peanuts for oil (pound) ..... cents	.....	.....	3.84	4.04	4.04	[3] 3.64
Apples (bushel) ..... dollars	.96	.80	.98	1.14	1.24	1.49
Hogs (hundredweight) ..... do	7.27	6.97	9.70	14.11	13.44	11.27
Beef cattle (hundredweight) ..... do	5.42	5.19	8.82	11.36	11.39	8.40
Veal calves (hundredweight) ..... do	6.75	6.72	10.75	13.02	13.02	10.46
Lambs (hundredweight) ..... do	5.88	5.34	9.70	11.84	12.05	9.11
Butterfat (pound) ..... cents	26.3	28.5	36.7	46.5	47.8	[3] 43.3
Milk, wholesale (100 pound) ..... dollars	1.60	1.84	2.66	[1] 2.83	2.89	[3] 2.73
Chickens (pound) ..... cents	11.4	10.8	15.5	19.5	19.6	17.7
Eggs (dozen) ..... do	21.5	27.8	35.5	37.4	38.9	[2] 47.0
Wool (pound) ..... do	18.3	18.5	36.6	39.7	39.7	28.4
Tobacco:						
Flue-cured-types 11–14 ..... pounds	[4] 22.9	.....	24.2	.....	40.0	28.6
Maryland-type 32 ..... do	[2] 22.9	.....	25.0	.....	28.5	22.4

[1] Revised.
[2] Post-war base.
[3] Adjusted for seasonality.
[4] Base price crop years 1934–38.
[5] Price comparable to parity.

POULTRY: Marketings

Farm marketings of poultry in the Midwest have been much heavier this fall than last, and the into-storage movement of poultry has been unusually large.

Although supplies of eggs in some eastern markets were relatively short, production on farms has been much larger than it was in the autumn of 1941 and is now increasing seasonally. Receipts of eggs have been larger than they were last fall at both primary and terminal markets.

Permanent price ceilings for turkeys were announced November 7, at approximately the market prices prevailing September 15, which were 35 to 50 percent higher than a year earlier. Temporary price ceilings announced October 5 were still in effect by December 1 on wholesale and retail prices of all eggs and on all classes of poultry except turkeys.

FEED: Record Supplies

Supplies of corn, oats, barley, and grain sorghums totaled the largest on record at the start of the marketing year (October 1). On the basis of November crop report they were estimated at 136 million tons, 12 percent larger than last year. Feed supplies per animal unit are about the same as at the beginning of marketing years in 1940 and 1941—larger than for preceding years. Production this year appears to be large enough to feed increased numbers of livestock in 1942–43 without reducing the carryover. Price ratios in most cases are favorable for livestock feeding.

November reports indicated a 1942 corn crop of 3,185 million bushels—115 million above the previous record in 1920, and a half billion bushels larger than in 1941.

Oilseed mills, although operating at capacity, have a ready market for cake and meal. Feed mixers and manufacturers are buying much of the soybean meal on a contract basis, leaving but little for the wholesale market.

MILK: Heavy Demand

Demand for milk will increase sharply in 1943, exceeding production. Restrictions on civilian consumption will be needed to insure adequate supplies for military and lend-lease purposes.

Since November 3, manufacturers have been required to set aside at least 90 percent of the spray-dried skim milk they produce, for delivery to the Government. This type of milk is urgently needed for lend-lease and military use.

Butter stocks November 1 were 33 percent below the 1935–39 average for that date. Production of butter, cheese and evaporated milk this fall has been below production in the same period last year. Total stocks of evaporated milk, including Government holdings, have been unusually large, but manufacturers' stocks on October 1 were the third smallest for that date since 1922.

FATS, OILS: Increasing

Production of fats and oils from domestic materials in 1943 probably would reach 12 billion pounds, if butter production could be held at 1942 levels. However, increasing civilian demand for milk and cream plus heavier military and lend-lease buying of dairy products may reduce the production of butter in 1943. Total production of fats and oils was 10.1 billion pounds in the 1942 calendar and 9.4 billion in 1941.

November crop reports lowered estimates of the peanut crop (for harvest) by more than 110 million pounds, and also lowered estimates of cottonseed production. On the other hand, they raised estimates of soybean production by more than 9 million bushels.

After reaching the lowest level in several years earlier in the fall, factory and warehouse stocks of primary fats

and oils are increasing now that crushing of the record 1942 crop of oilseeds is under way, and with restrictions on manufacturers' consumption of fats and oils.

Stocks of lard were abnormally low in November, and butter stocks were declining more than seasonally. Prices of most food fats and oils were at ceiling levels.

HEMP: Program

A program expected to yield around 150,000 tons of hemp fiber in 1943 for manufacture into cordage for military and essential civilian purposes has been announced by the Commodity Credit Corporation.

Hemp mills, 71 altogether, will be constructed in northern and central Kentucky, northern Indiana and Illinois, southern Wisconsin, northern Iowa, and southern and western Minnesota. Each plant will service about 4,000 acres of hemp. CCC contracts will be offered to farmers in the 6 States. Seed will be made available to growers at prices specified by the CCC, the amount to be deducted from payments for the crop next fall. Each mill will make available to farmers on a custom basis some 30 hemp harvesters and pick-up binders for harvesting the crop next fall.

FRUITS: Production

Commercial apple production in 1942 was estimated in November at 127,538,000 bushels—4.5 percent larger than the 1941 crop. Apple growers received an average of $1.24 per bushel on November 15, which was 83 percent of parity and 26 percent above the price last November. Increased demand for apples and apple products this season is more than offsetting the effects of the slightly larger crop.

The peach crop this year is estimated to be 12 percent smaller than in 1941; and the grape crop is estimated to be 7 percent smaller. Pear production is about 4 percent greater than last year. Production of oranges and grapefruit in Florida and Texas is apparently much larger than last season; but grapefruit production in Arizona is estimated at 2.8 million boxes compared with 3.4 million last season.

Citrus fruits were placed under temporary price ceilings on October 5, at the highest prices charged by individual sellers from September 28 through October 2.

VEGETABLES: Greater Production

Tonnage of commercial vegetables is estimated at 9 percent above the production last season, as a result of higher yields. The acreage in 1942 was not quite 1 percent above 1941. Fall crops of tomatoes and carrots are estimated to be larger than last season—most other crops are smaller. Greatest decreases are expected in snap beans, cauliflower, celery, eggplant, kale, lettuce, onions, green peppers, spinach, and green peas.

The canned pack of major processing vegetables was the largest on record—13 to 15 percent above last year—even though production of canned peas and tomatoes fell short of 1942 goals.

The 1942 crop of late potatoes was estimated in November at 294 million bushels as compared with 280 million last year. Potatoes were put under permanent price ceilings effective November 9. The Office of Price Administration established ceilings based on f. o. b. country shipping points for U. S. No. 1 grade white potatoes in bags, with variations for area, season, other grades and certain types of shipment.

COTTON: Loans

Increase of the Government loan rate on cotton from 85 to 90 percent of parity and the continued widening of premiums and discounts brought loan values of some grades and staples

above the market price. Trade demand for cotton was heavy during November, but reports indicated producers were holding considerable cotton. By November 28, the Commodity Credit Corporation had made loans on about 1,550,000 bales of 1942 crop cotton.

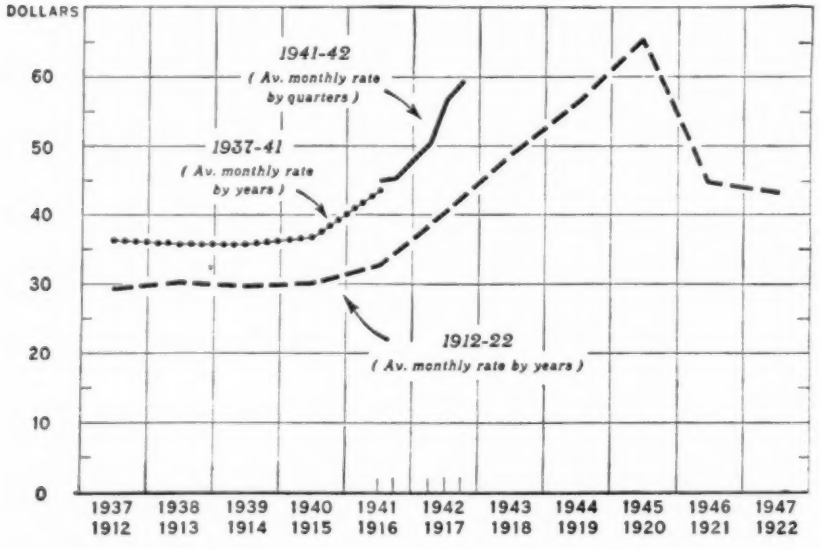
SHEEP AND LAMBS: Marketings

Heavy marketings of sheep and lambs this fall are the result of high prices and a shortage of skilled labor in the western sheep States. Slaughter under Federal inspection during October, a little over 2.3 million head, was 39 percent above October last year.

The lamb crop was 2 percent smaller in 1942 than in 1941, but mature breeding stock and ewe lambs which normally would be held back account for the increased marketings. Sheep numbers were at an all-time high at the beginning of the year, and probably will not be greatly reduced by these marketings. Corn Belt feeders have been buying about as many lambs this fall as last, but there probably will be fewer lambs on feed in the Western States during the 1942–43 season than in 1941–42.

The relationship between prices of feeder lambs and prospective prices for fat lambs was favorable this fall.

FARM WAGE RATES WITHOUT BOARD, UNITED STATES, 1912-22, AND 1937-42



U. S. DEPARTMENT OF AGRICULTURE NEG. 42704 BUREAU OF AGRICULTURAL ECONOMICS

Farm wage rates per month were fairly steady from 1937 to 1940, though higher than in the corresponding period before World War I. They have gone up sharply since 1940, just as they did in the last war. Government agencies have been seeking to work out a practical means of stabilizing farm wages that will retain sufficient skilled labor on the farms to meet 1943 production goals, and that will assure an adequate level of living to farm laborers.

Price Control and Rationing in 1943

WAR has a habit of creating shortages that become more intense as time goes on. This country has reached that stage in the present war. The armed forces and our Allies need more and more supplies. Civilian buying power is increasing. Demand for goods is increasing more rapidly than we can increase production.

Fair sharing of scarce, essential goods—particularly of food, clothing, and supplies used in production—is imperative so that every civilian can devote his full energies to winning the war. Price control and rationing work together as a team to achieve this job of fair distribution. Price control makes sure that the poor as well as the rich can buy essential goods; and rationing makes sure that the last person to reach the store has the same chance as the first one, to get his fair share.

FOOD shortages in the United States were hard to imagine a year ago. Surpluses were fresh in everyone's mind. A year of record production was ending. Now we are near the close of another year of still greater production. But the demand for foods and other farm products has grown more rapidly than the supply, and we are approaching our limit of total agricultural production—unless we again have exceptionally good weather.

It may be necessary to ration foodstuffs on a rather broad scale although aside from meats, it is too early to say just what products will be rationed.

A shortage of one food leads commonly to increased demand for a substitute. Therefore, most food products will be subject to group or point rationing, rather than to individual rationing. Meats, for example may be grouped in one class. The consumer will be able to choose between kinds and amounts of foods in any particular class, within the limit of the number of points he has received. This will mean variety of choice to satisfy individual tastes, and it will permit rationing authorities to shift consumption from one item to another as supply changes, by varying the number of points for any particular commodity.

Furthermore, price control can help to distribute supplies equitably. But it will have relatively little effect on the total volume of production. The chief limiting factors from now on will be manpower, cropland, farm equipment and supplies, storage, transportation and processing facilities. The emphasis will be on shifting production from less essential to more essential commodities. It will be necessary to provide greater flexibility by raising the prices of some commodities and lowering the prices of others to stimulate desirable changes in production. In the case of some farm commodities, either subsidies or higher prices to producers will be necessary to obtain the needed production. In other instances, subsidies will be essential to maintain ceilings at current levels.

PROMPT, vigorous action to halt inflation was necessary last April when the General Maximum Price Regulation was announced, and again in October when the ceilings were extended. A general freeze of maximum prices at levels prevailing in a definite base period was the only method of price control that could be adopted quickly enough. The defects in that method were recognized and steps are being taken to remedy them. Individual ceilings for each different food processor are being replaced as rapidly as possible by definite dollar-and-cents schedules, which will be the same for all processors in a specific market area. This will put all processors on an equal footing, and will make it easier for the Office of Price Administration to insure compliance. Similarly, the March

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(or September 28 to October 2) ceilings at wholesale and retail generally will be replaced eventually with margin controls. Each type of food wholesaler and retailer will have a margin above his purchase cost which he cannot exceed in fixing his sale price. Margin controls will tend to equalize prices for like stores and will provide a needed flexibility as prices at the processor level are changed seasonally or for any other reason.

The Office of Price Administration has been working closely with the Department of Agriculture and the Office of Economic Stabilization in synchronizing price and production policies so as to help achieve the production goals being announced by the Department of Agriculture. The Office of Price Administration wants to foster the highest possible farm production consistent with expanded food needs and the overall program of economic stabilization.

THE farmer as a consumer has benefited from price control. During the last war, prices of farm machinery and equipment rose 74 percent. This time, the increase has been held down to 6½ percent in 3 years. If farm machinery prices had increased this time as they did before, the American farmer would be paying $230,000,000 more than he pays this year under price control. Fertilizer went up 86 percent in price during the last war. This time, it has been held to 13 percent with a saving to farmers this year alone of $194,000,000. In October, farmers over the country as a whole were getting 110 percent of parity for their products, and the highest net income in their history—both in total and per capita. It is probable that their income will be even greater next year. During the latter part of the other war, production costs increased more rapidly than the prices of farm products. Whatever farmers may lose now through ceilings on the prices they receive will be more than made up to them later on by the ceilings on prices they pay, and by the Government's announced policy of continuing price supports after the war.

The policies of the Office of Price Administration in 1943—with respect to rationing, subsidies, and price control—will be guided solely by one objective: To increase the contribution of human and material resources to victory and to lessen the hardships of individuals now and after the war.

LEON HENDERSON, *Administrator,*
Office of Price Administration

October Marketings Set Record

The volume of farm products marketed during October was the largest for any month in the history of the United States. For that reason, cash income from marketings was also the largest for any month on record, totaling 1,976 million dollars. The previous high probably was in October 1919 inasmuch as marketings are normally heaviest in October and income in 1919 set a record broken only this year. Estimates on a monthly basis were not made until 1924.

Production per person on farms of agricultural commodities for sale or consumption in the farm home is more than two-fifths greater than it was in 1919.

AGRICULTURAL PROGRAMS FOR 1943

Soon after Pearl Harbor, the Department of Agriculture concentrated all its resources and energies on the job of waging total war. Agricultural programs for 1943 are being shaped to help farmers meet their food production goals. These programs will be modified as new needs or new problems arise.

Agricultural War Relations

THE program of the Office for Agricultural War Relations for 1943 is necessarily conditioned by the growing wartime stringencies as they affect the general farm picture.

OAWR has, on the one hand, certain activities which make it the farmer's representative in obtaining essential production supplies. These activities, which shall increase in 1943 as the need occurs, include the work of bringing into focus all considerations regarding agricultural needs and problems as related to the war, and coordinating the war work of the Department as a whole. It also assists the Secretary in maintaining effective communication between the Department and the war agencies in such matters as procurement, production, priorities and farm prices. On the other hand, as staff office for the Foods Requirements Committee, OAWR has well-defined responsibilities in furnishing data and other assistance regarding the distribution and allocation of food among all claimants—both foreign and domestic.

WHERE the Department is concerned, OAWR'S responsibilities are affected by and affect the entire group of programs which flow from Washington to State and County USDA War Boards and in turn reach the farmers of the Nation. For 1943, these programs can be grouped generally, as follows:

Farm labor.—The most serious problem before farmers in 1943 will be getting enough help to plant, cultivate and harvest crops, and to produce livestock. The Department's over-all labor program has been designed to meet this problem so far as is possible, by training new workers, guiding adjustments in wage scales, transporting farm workers from one area to another, and other means. Under centralized direction, activities will continue, wherever feasible and necessary, with the War Manpower Commission, Selective Service, and the United States Employment Service in developing programs such as the one which provided for deferment of essential operators and workers on dairy, livestock and poultry farms.

Farm production supplies.—OAWR's responsibility will be to further coordinate the Department's work of representing the farmer as a claimant for a fair share of critical materials needed for essential food and fiber production. This will involve all production supplies—farm machinery, fertilizer, packaging materials, insecticides, fungicides and others—as to quantities needed for essential farm uses, and methods of distribution such as allocation to distributors or actual rationing.

Transportation.—Another critical area in the farm production picture is transportation from farm to market. In its advisory and planning capacity, OAWR will work with Department bureaus and such agencies as the Office of Defense Transportation in helping the Farm Transportation Committee carry out farm transportation conservation plans and other work of that nature. The marketing permit system and other phases of local transporta-

tion plans will be emphasized. It may be necessary, too, to increase our cooperation with commercial transportation systems in the year ahead.

Processing and storage.—Most storage problems, particularly those relating directly to farm storage, are being handled by other agencies of the Department. However, present facilities for working with railroads, the grain industry and others will be directed toward the most efficient movement of farm products to market and into commercial storage.

Closely related to the storage problem is the work which the Department is doing with processors who, under wartime restrictions, must increase their operations to process the record output of food and fiber. The Department will intensify the work it started in 1942 to help commercial processors meet special wartime needs, and to make possible the orderly movement of farm products into processing plants.

Production.—OAWR has had the leadership in pulling together the data needed by the Foods Requirements Committee in sizing up the entire situation as to the amount of food we expect to produce in 1943, planning for the kinds of food we need and in the quantities needed, and how it shall be allocated and distributed to meet civilian, military and lend-lease requirements. It has been the focal point in the Department where the food goals program for 1943 was established up to the point where the program was ready to take to the field.

S. B. Bledsoe, *Director,*
Office for Agricultural War Relations.

Conservation and Adjustment

AMERICAN farmers are beginning the second year of the toughest war they have ever fought.

They can look back with satisfaction on victory in the 1942 battle of farm production—a victory marked by the reaching of an all-time high in the amount of food and fiber grown.

Most farm production goals have been met or exceeded, and total production for 1942 is up 12 percent over the preceding year. This took careful planning. It took cooperation. The weather helped a great deal. But most of all it took hard uncomplaining work and a willingness to grow what was needed in the proper quantities.

A prime motivating force in rallying America's 6 million farmers to the cry of Food for Freedom was the Agricultural Conservation and Adjustment Administration. Through its four constituent agencies—the Agricultural Adjustment Agency, the Soil Conservation Service, the Crop Insurance Corporation and the Sugar Agency—production needs and ways to answer those needs were taken directly to the farmer.

County and community committeemen representing the Agricultural Adjustment Agency sat down with the farmer in his home. Together they worked out a plan for his farm in relation to national and state production goals.

These goals had been set up after careful study to determine food requirements for the armed services, lend-lease shipments, and civilians. In many cases they meant a shift to new crops in place of old standbys.

Men who had raised cotton now added peanuts. Fields formerly producing wheat became fields of soybeans, and flax. American farmers had been called upon to replace the vegetable oils once imported from across the oceans, the potential cables and hawsers locked up in Manila fiber sheds by the Japanese, and many another item necessary to the war.

Such a transition from peacetime to

wartime schedules called for new application of the adjustment principles already proving their worth in practical application. With the approach of 1943, farmers are being asked to plan for another season as successful as 1942 despite new limitations on production resources. This will bring increased responsibilities to the farmer and his AAA committeeman.

It will require even more planning than before, and even more cooperation in order to circumvent labor and machinery shortages. The grower, having signed definite commitments to produce for war requirements, will receive his AAA payments upon fulfillment of goals specified in his individual farm plan. The entire 1943 AAA program, with its quotas and allotments and payments and soil practices, will be geared to the single task of meeting all crop and livestock production goals.

Allied with the AAA conservation program is the work of the Soil Conservation Service. The difference between a bumper crop and a short yield often lies in the application of conservation practices which keep land fertile and productive. The health and vigor of the soil are as necessary to the production of Food for Freedom as the products of that land are to the winning of the war.

Triple-A payments are earned by carrying out the most needed conservation practices, which otherwise might not be employed in sufficient quantity on most farms. The Soil Conservation Service provides technical help in developing comprehensive soil programs.

Triple-A and SCS work together to determine which practices need emphasis in relation to the different types of farm land. The SCS is broadening the areas which have the benefit of its counsel considerably beyond the 80,000 farms that have complete conservation systems in operation. The SCS, as well as Triple-A, is placing major emphasis on simple conservation practices that are easiest to adopt and boost production the fastest.

Keeping the farmer in business is the concern of the Federal Crop Insurance Corporation. By a program comparable to fire insurance on his house, the grower of wheat or cotton is guaranteed some income or "crop" even if a crop fails. Assurance of a safe return on wheat and cotton gives the farmer confidence in trying production of critical war crops.

LOOKING ahead to 1943, it becomes apparent that the extent to which farm production goals are met will determine what food supplies are available to civilian families during the next two years.

Military and lend-lease needs are expected to be nearly twice as great as they were in 1942. This means that they will take about one-fourth of the total food production. It means one-fourth of America's meat production, one-third of the lard, one-third of the billions of eggs laid by hens, and possibly one-half of all canned vegetables.

The demand for critical products may be even greater, and the handicaps to production will certainly increase. Labor and equipment shortages will be more acute than in 1942. The tight transportation situation will be a serious hindrance. Available processing facilities are insufficient to handle some farm products.

Crop acreage for 1943 will be about the same as in 1942, but goals may be larger on some farms.

The American farmer will be asked to do three things next year: (1) To produce as much as possible of the right things in the right amounts; (2) to shift from less needed crops to more essential crops, even if it means a loss of possible profits and harder work; and (3) to produce things that can be stored and conserved.

M. C. TOWNSEND, *Administrator,*
Agricultural Conservation and
Adjustment Administration.

Commodity Credit

COMMODITY Credit Corporation activities in 1942–43 deal with a number of phases of the Food-for-Freedom program. These include loans to farmers on commodities stored on farms and in warehouses, price supports to facilitate increased production of commodities for war needs, and the purchase of foreign agricultural commodities strategically needed in the United States. Besides loans and purchases to protect prices to farmers and preserve price ceilings, the Corporation is facilitating the domestic production of commodities formerly imported or the production of substitute commodities.

Loans to farmers during fiscal 1943 will probably be larger than the 610 million dollars lent in fiscal 1942, the increase to result mainly from an increase to 90 percent of parity in the loan rates on cotton, tobacco, peanuts, and rice. Larger quantities of corn and wheat also may be put under loan in 1943 as a result of the greatly increased production of these crops in 1942. A considerable volume of loans is likely to be made on soybeans this year, in connection with programs to increase the production of vegetable oils to offset a sharp reduction in imports.

Commodity loans outstanding as of September 30, 1942 totaled 475 million dollars, as compared with 438 million dollars on the same date in 1941. Commodities owned by the Corporation totaled 1,301 million dollars as of September 30, 1942, as compared with 823 million dollars on the same date in 1941. The net increase in owned stocks this year over last was principally on account of commodities for lend-lease export through the Agricultural Marketing Administration.

WHEN general price ceilings were announced by the OPA last spring, it became apparent that in some instances the spread between support prices to farmers and the ceiling prices was too narrow to permit processing the increased supplies of foods needed for military, lend-lease, and civilian use. Subsequently, the President of the United States authorized the Corporation to take financial action in such cases to protect prices to farmers and to preserve the price ceilings. Of immediate concern was a price squeeze which threatened to interfere with the processing of oil crops needed to offset war reductions in imports. Contracts were then made with the processors of vegetable oils, providing a pricing arrangement whereby the amount of the squeeze—one-half cent a pound on crude vegetable oils—is absorbed by the Commodity Credit Corporation.

Similar programs were put into operation in connection with the production of pork by small packers, the marketing of fluid milk in the New York Metropolitan Area and the Duluth-Superior milk marketing area, and the processing of flour and bread. The agreement with small packers provides for the purchase of pork at lend-lease prices and for a "consideration" payment to offset a rise in hog prices above a stated base price of $13.50 per hundred pounds. In the New York and Duluth-Superior milk deals, the Corporation relieved a price squeeze by purchasing milk from dealers at prices stipulated in marketing orders and then reselling the milk to the dealers at lower prices. As for flour and bread, wheat under loan is to be released to farmers at less than the loan rate for sale in the open market.

THE Corporation's activities designed to facilitate the domestic production of commodities formerly imported, or the production of substitute commodities include the purchase and distribution of hempseed for the production of 300,000 acres of hemp in 1943; of castor-beans for the increased production of beans in 1943; of cotton bagging to offset a

reduction in imports of jute, of soybeans, peanuts, cottonseed, and flaxseed to replace imports of vegetable oils cut off by the war, and of fiber flax to facilitate expansion of this industry in the Pacific Northwest.

Other activities include the acquisition of naval stores for stockpile accumulation; the purchase and sale of Alaska spruce for use by the aviation industry; of American-Egyptian cotton for use in the manufacture of aviation fabrics; of steel and prefabricated wood bins for the storage of grain; of pyrethrum seed to stimulate domestic production, of sorgo for use in the manufacture of industrial alcohol, and the purchase and rental of peanut harvesting equipment and storage warehouses. Large quantities of Government-owned stocks of wheat and corn also have been sold to livestock feeders, and to distillers for the production of industrial alcohol.

THE Corporation is engaged in extensive foreign purchase activities to obtain commodities strategically needed by the United States, and to help relieve the economic distress of Latin American countries whose usual export markets have been cut off by the war. Commitments include the purchase of surplus stocks of cotton in Haiti, Peru, and Nicaragua; castorbeans, babassu kernels, coffee and cocoa from Brazil; rotenone from Brazil and Peru, and flax fiber from Peru.

Through September 15 more than 250,000 tons of 20 different oils and oil-bearing materials had been purchased from countries friendly to the United States; subsequently, the Corporation appointed an Emergency Group of importers as agent for the Corporation to handle imports of fats, oils, and oil-bearing materials. Foreign purchases are being made under authority of the Board of Economic Warfare designating the Corporation as the public agency for the importation of most agricultural commodities.

J. B. HUTSON, *President,*
Commodity Credit Corporation.

Farm Credit

CREDIT units under the supervision of the Farm Credit Administration have the job of providing farmers who have a sound basis for credit with the funds to finance their farms and current production. With increased production of foods, fibers, and vegetable oils so essential for war, their effectiveness in providing the right kind of credit is even more important than it was in peacetime.

Farmers often find that their expenditures are at least temporarily greater when they increase production or shift from one type of crop or livestock to another. During the past two years this tendency has resulted in farmers borrowing somewhat larger amounts from their 530 local Production Credit Associations. Fortunately, this has been offset to some extent by the fact that a relatively large number of farmers have accumulated enough capital that they no longer need to borrow money for operating purposes. In other cases income has increased to the extent that, although larger loans are necessary, they may be paid more rapidly. And since the interest on Production Credit Association loans is always charged only for the exact number of days each dollar is used, this helps to reduce the cost of credit to the farmer. Thus, the wartime job of the cooperatively operated Production Credit Associations has been and will continue to be largely one of financing production of "Food for Freedom."

THE National Farm Loan Associations and the Federal land banks are, of course, financing the purchase of some farms by tenants either through loans in connection with the sale of

farms land banks have owned or through loans to purchase other farms. During the past year many farmers have made rapid progress toward their goal of a debt-free farm. This is one of the aims of the long-term mortgage credit system.

The land banks' provision for allowing payments to be made on the principal of loans ahead of schedule has proven exceedingly helpful. In the first nine months of 1942, farmers repaid a total of $197,000,000 on the principal portion of their land bank and Land Bank Commissioner loans. This included loans that were paid off in full before maturity.

In addition the Federal land banks and the National Farm Loan Associations have urged farmers to set aside a reserve for possible future "rainy days." This encouragement has taken two forms. One has been the Future Payment Fund into which farmers may place money with which to pay installments in poor years that may lie ahead. On money in this fund, farmers receive interest at a rate equal to that which they pay on their loans. Farmers have laid aside $15,000,000 in this Fund. The other has been the pointing out to farmers the wisdom of setting up additional reserves in the form of War Bonds and Stamps.

NATIONAL Farm Loan Associations and Production Credit Associations expect to perform approximately the same services to farmers in 1943 as they have in 1942. However, they recognize that new problems in connection with production will undoubtedly make it necessary for farmers to change their financial plans. Nine years' experience in the operations of the Production Credit associations is making it possible to cut many corners that will save farmers time and wear on tires. For example, much more of their business will be carried on by mail and they will make greater use of branch offices and local representatives to bring their services closer to their members.

THE increased production of food and other critical war materials has resulted in many changes among cooperative associations. With the greater demand for concentrated products to save shipping space, many cooperatives have shifted the type of product which they process and sell. Many cooperatives also have been faced with the problem of consolidating truck routes and looking ahead to avoid bottlenecks in transportation. Then, too, a large number of cooperatives have to find new types of containers which can be made of noncritical materials.

Many of these changes have, of course, necessitated an additional capital investment and the increased quantity of products handled has increased the need for operating funds. As a result the 1,700 cooperative associations borrowing from the 13 Banks for Cooperatives have obtained credit totaling $261,000,000 in the year ending September 1942, compared with $185,000,000 in the same period a year earlier. Although the rate of increase has leveled off, the same trend is expected to extend through 1943.

THE Farm Credit Administration will continue to be extremely interested in measures to prevent a farm land boom. It assisted in the formation of the National Agricultural Credit Committee on which farm organizations and representatives of other lenders, including large insurance companies, banking organizations and Government agencies, are represented. This committee meets periodically to review the current farm real estate situation and exchange information and views on methods of preventing a land boom which can only result in disaster for both farmers and lenders. At its last meeting in September after reviewing the current picture the committee felt that, although many factors which caused the land boom during and following the first World War are present, many other factors tend to

prevent such a catastrophe. These include shortages of labor and machinery, Government price ceilings, a fairly large supply of farms in the hands of unwilling owners, and the tendency for creditors and farmers both to be more cautious because of the memory of their past experiences.

A. G. BLACK, *Governor,*
Farm Credit Administration.

Farm Security

CAN American agriculture produce all the food and fiber we must have to see us through to a decisive victory over Germany and Japan? It can—if full use is made of our farm lands and our farm manpower.

Not all of the Nation's farms are operating at full capacity. Many farmers are faced with difficulties which keep their production below par. On large farms, the shortage of skilled workers is the most serious threat to capacity production. On small farms, it is lack of sufficient productive resources.

About half the Nation's 6 million farm operators produce the bulk of all commercial crops. Their farms, for the most part, have the best soil and are large enough to comprise economic units.

They are now operating at a high level of productiveness, and if they can get the labor they need, they probably can maintain their record-making production and supply the greatest part of our needed food and fiber. Right now, though, they are facing a labor shortgage which holds a serious threat for 1943 production goals.

There are 2,900,000 farm families who have incomes of less than $900 a year. Of these, 1,600,000 derive all or most of their income from farming and most of these families are underemployed. In some cases their soil is too poor for efficient production, or their tracts are too small to require all the available family labor. Many lack knowledge and skills necessary to make the best use of their land and their labor, or the working capital to finance an adequate farming plan. The man-hours of labor that are being wasted every day on such farms would produce an estimated 250 million pounds of pork, or 33 million gallons of milk, or 2½ million dozen eggs. To reach 1943 production goals we must make full use of this great reserve of manpower.

THE ARMED forces and war industries undoubtedly will draw heavily on farm manpower not now fully employed. The problem of agriculture is to help those who remain in farming increase effective manpower on the Nation's Food for Freedom firing line. To do this job, three courses of action are necessary:

1. *The small farmer who can make his greatest contribution where he is must be provided with the credit, advice, supervision, and other aids he needs to make the best possible use of his land and his labor.*

Long before Pearl Harbor, Farm Security was emphasizing the need for increased food production among its borrowers. When the United States entered the war, the agency redoubled its efforts to help the half million farm families on its program to step up production. FSA aid will reach as many other small farmers this year as funds will permit.

Rehabilitation loans are for farmers who do not have the security to qualify for loans from any other source. The loans enable them to buy livestock, machinery, and other equipment they need to become better producers. An education program, with the farm as the classroom, goes along with the loans. County farm and home supervisors visit the borrowers regularly to help them improve their skills.

That small farmers, if given this assistance, can increase production is shown by what FSA borrowers have

accomplished. By the end of 1941 those who had been on the program for more than a year had doubled food production for home use Last winter FSA county supervisors asked borrower-families what food and fiber increases they thought they could make toward the war goals in 1942. They responded immediately by planning two to five times the percentage increases in production, called for by the national goals.

Preliminary reports from county supervisors indicate that borrower-families are not only living up to their pledges, but in many cases are surpassing them.

Machinery and purebred sire service co-ops, purchasing and marketing associations, group medical and dental care, debt adjustment, war leases, and farm ownership loans are other FSA services which are enabling small farmers to become effective producers.

2. Small farmers who can best serve by changing their locations to serve as operators of better farms or as workers must be given training in the work they are to do and transported to the place where they are needed.

Undoubtedly there will be a great increase in the need for competent operators and workers to replace farmers who are drawn into the armed forces, war industries, and related activities. Underemployed farmers in poor land areas as well as some FSA borrowers who have had the benefit of farm management training and supervision but could obtain maximum production on larger units, will be available to meet this need. The tract vacated by a small farmer can be kept in production by small farmers remaining in that neighborhood. FSA has started an experimental program of this sort.

3. Farm workers needed for seasonal labor must be transported from labor-surplus to labor-deficit areas.

Farm Security now operates 95 migratory labor camps in specialty crop areas. These camps provide housing, health and sanitary facilities for thousands of migratory workers whose labor is now so vitally important in the harvesting of war crops. In addition, this year Farm Security cooperated with other agencies in a program of recruiting and transporting seasonal farm workers. During the 1942 season approximately 9,000 workers were moved into strategic harvest areas, and this program if continued holds possibilities for supplying workers on a much larger scale next year.

C. B. BALDWIN, *Administrator,*
Farm Security Administration.

Extension Service

AS United States farmers look ahead to the big job that is theirs in 1943, they face two obvious facts:

(1) The need for food and fiber is much greater than it was in the first World War, greater than it was a year ago.

(2) Farmers have less in the way of skilled labor and new equipment with which to grow the 1943 crop.

These two facts, plus the need for large-scale diversion of our food to military and lease-lend needs and natural limitations in crop-acres, will bring a change in the menus of many American families. The fortunes of war, like the vagaries of the weather' will naturally determine to what degree we shall have to tighten our belts. However, Americans need have no fear of food shortages such as those already being experienced in most of the Axis-occupied countries—not if they adjust their diets along the lines of the wartime food-sharing programs being proposed in the interest of equitable distribution.

The relative food security which we are enjoying in this country is the direct result of the patience and energy put into scientific agricultural research for generations, and of our learning how to harness science to the land of the individual farmer.

WINNING the battle of agricultural production in 1943 will depend to an even greater degree on the adoption of efficient methods. Changes will come on every farm. One farmer may have too many milk cows; another may have too few. Some farmers may be able to increase poultry or hog production by renovating more old buildings before next spring. Others may be able to make an old tractor as good as new through a few simple farm-forged gadgets. All such changes will be examples of ingenuity and resourcefulness in practical farm science.

To whom can the average farmer turn when he needs technical help? When insects or other plant pests threaten disaster to his crops? When unexpected weather can mean spoilage of tons of food needed for victory? When he is up against a marketing problem that calls for cooperative planning of grading, shipping, and the like?

Farmers do not always have the time to figure out the best and surest methods to meet an emergency. But they know that there is a county Extension agent who probably knows a practical solution, or at least can get in touch with people who have the answer.

IN a memorandum dated February 11, Secretary Wickard outlined a long list of wartime responsibilities which became the over-all working blueprint of extension work for the duration. Among these responsibilities he listed educational leadership, which the Extension Service is carrying out in a number of ways—by sponsoring group and general educational meetings, demonstrating new production methods, and contacting individual farm families through neighborhood leaders.

At the State agricultural college, where each State Extension Service has its headquarters, a staff of subject-matter specialists keeps abreast of the scientific and technical knowledge of the college, the State agricultural experiment station, and the Department of Agriculture. Thus the county agricultural and home demonstration agents maintain constant touch with the latest developments in agricultural science and practice. Whether it is to recondition farm machinery, feed more hogs, grow more feed, or do one of a hundred other things that will increase production, the facts can be had from the Extension Service.

WARTIME extension work in 1943 will cover five broad fields.

The first: To help farmers step up efficiency in food production, with stress on meeting the food goals established by the Department of Agriculture. Extension work will emphasize efficient use of land, labor, material, equipment, time, and money. Even the efficient farm manager of the past will have many new methods to learn.

The second: To stimulate, to an even greater degree than in 1942, home production and conservation by farm families of their own food supplies in keeping with nutritional needs.

The third: To help farmers organize their farm activities to meet wartime shortages, and to cooperate in special wartime activities essential for victory. A phase of this program is the Nation-wide farm machinery repair education which is now under way. Similar programs will be necessary to help farmers overcome shortages of fertilizers, building materials, certain types of feed in some areas, and other supplies. Conservation of all essential material and equipment will be stressed.

The fourth: To encourage young people to enlist in agricultural work that will help speed victory. In the past year, remarkable achievements have been made in a seven-point 4-H victory program. Similar plans are under way for 1943. Encouragement will also be given to city youth to enlist for farm work during the summer.

The fifth: To help rural people maintain physical health, adequate nutrition, and an interest in education; to encourage decent living standards; and to develop the ability to meet post-war situations with intelligence and courage.

IN brief, the Extension Service is equipped to help farmers singly or in groups with the practical and technical information that will help them do their part in winning the war.

M. L. WILSON,
Director of Extension Work.

Agricultural Marketing

IN recent months the Agricultural Marketing Administration has been buying up food at the rate of 5 million dollars' worth a day. The bulk has been for shipment to the United Nations, under the lend-lease program. Some has been for use on the home front through the school lunch, school milk, and direct distribution programs.

That buying means food for the defenders of England, Russia, China, for those manning our own outposts of Puerto Rico and Hawaii, and for youngsters in the school rooms of America.

It also means increased farm production—more eggs, milk, meat, fruits, and vegetables, and many other crops—stimulated by the opening up of a new market and by the stabilization of market conditions. The AMA has attempted so far as possible to time its purchases to make for an orderly movement of goods over the transportation system, and for an orderly flow of commodities through the various marketing channels. It will continue to do so in 1943.

Future purchases will be governed by the needs of our armed forces and our allies and by the domestic supply situation. The armed forces of our own country and of our allies deserve first priority on foods, however, and they are going to get it.

THE armed forces need foods that can be shipped in the minimum amount of space and with the least risk of spoilage. The same requirements hold for lend-lease foods. On the basis of these requirements, the Government buying program has led to a tremendous expansion of the dehydration industry. Shipment of dehydrated foods next year will save the cargo space of several hundred ships. Tentative plans for 1943 call for a dehydrating capacity of more than 100 million pounds of vegetables, 350 million pounds of eggs, more than 600 million pounds of edible dried milk, and 60 million pounds of pork. This new market will compensate for the reduction in sales to canneries made necessary by the tin shortage.

AMA buying of some commodities such as dairy products, canned vegetables, and dry beans has been the chief factor in the determination of market price. In the case of most major commodities, moreover, the effect of the Government purchase program has been felt.

It is impossible to spell out the requirements under the lend-lease program in 1943, but we do know that they will be tremendous. From March 15, 1941, when lend-lease operations began, to November 1, 1942, requisitions from the United Nations totaled more than $2,000,000,000. And under the territorial emergency programs, large quantities of food have been purchased for shipment to Hawaii, Puerto Rico, and other island outposts. These programs are expanding and will continue to do so in 1943.

FOOD is essential to the whole war effort on the home front as well as on the military. Some groups need help if they are to get enough of the right things to eat. School

children are particularly in need of the right kind of food. AMA cooperation is making possible school lunch programs in thousands of communities. More than 6 million school children are being fed the various basic commodities provided free by the Federal Government. In addition, certain basic foods are being furnished to State Welfare Departments for distribution to families on relief.

The school lunch program and the direct distribution program tie in directly with production and lend-lease operations. Frequently, foods purchased for lend-lease shipment cannot be moved for one reason or another. The school lunch and direct distribution programs furnish outlets for the effective utilization of such food. Likewise, when seasonal or regional overabundances develop, the existence of outlets helps to prevent waste and assure the harvest of all food produced.

The school milk program, by providing low-cost milk to school children, is helping to build up national health and physical fitness.

The food stamp program now aids in supplying essential foods to families on relief, unemployable persons, mothers with dependent children, aged persons on pensions, and other recipients of public assistance who have very low incomes. This is done by giving them supplemental purchasing power for food commodities. Looking ahead it is possible to use the program, too, as a means of enabling low-income groups to buy foods up to the amount of their ration.

PART of the job of the AMA is to help direct the flow of traffic and to keep things orderly through its market service and regulatory work. These services are designed to keep the traffic moving, and to keep the marketing system operating at the high peak of efficiency that the war effort makes necessary. Some of them had their origin in World War I. They will be continued in 1943, with some changes which will enable them to contribute as much as possible to wartime production and distribution.

The Nation-wide market news service, which provides buyers and sellers throughout the country with information on supply and demand, price and movement, of more than 100 major farm commodities was started a quarter of a century ago as a war necessity. Considerably expanded, it is today an integral part of our marketing system.

The large purchases by the Government have been made on the basis of Federal grades and standards. This has greatly increased the importance of the inspection, grading and standardization work. The volume of farm products sold on the basis of Federal grades in 1942 was the greatest in history and may be even greater in 1943. Grades provide a common language of quality for buyers and sellers. Not only do they make for more efficient marketing, but they are essential in price control operations.

With shortages of tires and gasoline, increased help must be given next year in solving various transportation problems, ranging from rate adjustments to warehousing and storage. As more and more farm commodities will depend on public carrier conveyance, this work will grow in importance.

FOCUSING consumer attention on the commodities that are in seasonal supply or relative abundance to prevent waste and to conserve less abundant foods is another part of the AMA's task.

One way of doing this is through the victory food special program. Foods are designated as "Victory Food Specials" when they are good buys from the standpoint of the national food supplies. In cooperation with the trade, extensive merchandising campaigns are conducted to focus consumer attention on the specials. Victory food specials on fresh fruits and vegetables have helped take the pressure off canned goods which can then be stored for use in the out-of-season

period. The victory food special on cheese helped ease the pressure on meat supplies which were short at the time. This program will be continued as an instrument for managing the Nation's food supply. It may be utilized in 1943 to help in the marketing of those fresh foods formerly packed in cans for which tin is no longer available.

Because the protection of buyers and sellers from unfair and harmful practices is essential now as never before, the AMA will continue to administer the Perishable Agricultural Commodities Act, the Commodities Exchange Act, the Marketing Agreements Act, the Packers and Stockyards Act, and the several other statutes under its jurisdiction.

War will necessitate further changes from time to time in the field of marketing. New situations will require different approaches, different methods of action. Close cooperation among Federal, State, and private marketing agencies and institutions will be needed as never before.

ROY F. HENDRICKSON,
Administrator,
Agricultural Marketing Administration.

Agricultural Research

WHEN the Secretary reorganized the Department of Agriculture in December 1941, he brought many phases of research work together into one unit, the Agricultural Research Administration, with the object of achieving greater efficiency and concentration of effort.

A glance at the titles of the agencies in the ARA shows the scope of its work: Agricultural Chemistry and Engineering, Animal Industry, Dairy Industry, Entomology and Plant Quarantine, Home Economics, Plant Industry, the four Regional Research Laboratories, the nine laboratories set up under the Bankhead-Jones Special Research Fund, the Beltsville Research Center, and the Office of Experiment Stations, through which close working arrangements are maintained with agricultural research agencies in the States and territories.

Certain regulatory activities, for example those involved in quarantines against insects and animal and plant diseases, are included. These activities are a direct outcome of advances in scientific knowledge, upon which they depend for continued effectiveness.

To facilitate administration and coordination, a central office has been organized, consisting to date of the Research Administrator, E. C. Auchter; the Assistant Administrator, P. V. Cardon; five coordinators who work closely together though specializing in different fields—S. B. Fracker, Gove Hambidge, Henry W. Marston, O. E. May, R. Y. Winters; an Assistant to the Administrator, C. E. Schoenhals; a budget officer, H. K. Smoot.

THE bureaus in the ARA have a rather long history, dating back to the early days of the Department, which for decades was largely an organization of scientists. Each of these bureaus has a record of notable work in its field—work that in many cases has helped to shape the course not only of agriculture but also of general scientific developments. The identity of the bureaus has been maintained, but their unified organization gives each greater effectiveness.

Brought to a head by the war, the reorganization is a move toward what many forward-looking scientists have long deemed necessary—the pulling together of a wide range of specialists for concerted drives on problems that cannot otherwise be met quickly or adequately.

Chemistry, physics, bacteriology, plant and animal physiology, plant and animal pathology, genetics, nutrition, entomology, soil science, engineering, agronomy—these are some of the broad fields, in turn including a multitude of subdivisions, that are represented in the work of the Agricultural Research Administration.

THE immediate purpose is to concentrate these resources on the problems posed by war. Of the immense number of projects now under way in the laboratories, pilot plants, test plots, greenhouses, and field stations of the Administration, many were started at the request of military or other war agencies; others are concerned with aspects of previous work to which the war has given new urgency.

Scientific research does not proceed by fits and starts, nor is there any royal road to results, which depend on the orderly, continuous accumulation of facts and the discovery of relationships between them. In a crisis, this accumulated knowledge, together with the technical skill by which it is developed, becomes a war chest of great value. Properly mobilized, it can be turned to the solution of emergency problems as fast as is permitted by scientific techniques.

The following eight examples of emergency work by ARA agencies illustrate the practical results that have been achieved in a comparatively short time:

●War made the dehydration of foods imperative; it was quickly made practical through a concerted attack on the problem by scientists in many different fields. It has been said that the new dehydration industry has achieved in 1 year what would probably have taken 10 under ordinary conditions.

●Starting from scratch, the development of 2,3 butylene glycol from grain as a source of butadiene was in the pilot-plant stage in less than 2 years.

●So was Norepol, derived from vegetable oils.

●By mobilizing their accumulated knowledge in related fields, entomologists were able in a matter of weeks to develop new methods of controlling lice, curse of armies and carriers of typhus. These methods are wholly different from the slow, cumbersome procedures hitherto used.

●Similarly, a new method was applied for the control of mosquitoes, carriers of malaria.

●Previous experimental work made possible a rapid increase in seed stocks of belladonna and carefully controlled planting by growers, so that this country's needs for the drug will be met in spite of the cutting off of imports.

●In one year, hemp seed stocks were increased enough to permit a huge expansion in the acreage of this important wartime fiber crop.

●Large-scale application of a new method for the control of brucellosis of cattle in the United States came just in time to be of great service in the British Isles, where its use is expected to curb the heavy losses from this disease, thus resulting in increased milk production.

Many more examples of war jobs might be given, but these are enough to indicate the nature of much of the present work in ARA.

PROCESSES and products developed for war needs will of course, in many cases, be useful long after the war is over.

Even more significant, however, is the hard-driving, coordinated approach to scientific and technological problems developed by the war. Applied to peacetime problems, that approach can do much to further the building of a better world.

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Year and month	Industrial production (1935–39=100) [1]	Income of industrial workers (1935–39=100) [2]	Cost of living (1935–39=100) [3]	1910–14=100					
				Wholesale prices of all commodities [4]	Prices paid by farmers for commodities used in—			Prices paid, interest, and taxes	Farm wage rates
					Living	Production	Living and production		
1925	90	126	125	151	163	147	156	170	176
1926	96	131	126	146	162	146	155	168	179
1927	95	128	124	139	160	144	153	166	179
1928	99	127	123	141	160	148	155	168	179
1929	110	134	122	139	159	147	154	167	180
1930	91	110	119	126	150	141	146	160	167
1931	75	85	109	107	128	123	126	140	130
1932	58	59	98	95	108	109	108	122	96
1933	69	61	92	96	108	108	108	118	85
1934	75	76	96	109	122	123	122	128	95
1935	87	87	98	117	124	127	125	130	103
1936	103	100	99	118	123	125	124	128	111
1937	113	117	103	126	128	136	131	134	126
1938	89	91	101	115	122	125	123	127	125
1939	108	105	99	113	120	122	121	125	123
1940	123	119	100	115	121	124	122	126	126
1941	156	163	105	127	131	131	131	134	154
1941—November	[5] 167	180	110	135	142	139	141	143	----
December	[5] 168	187	110	137	143	141	142	143	----
1942—January	[5] 172	196	112	140	146	145	146	146	166
February	172	194	113	141	147	147	147	147	----
March	172	194	114	142	150	149	150	150	167
April	[5] 174	[5] 203	115	144	152	149	151	151	177
May	[5] 175	[5] 209	116	144	153	150	152	152	----
June	176	[5] 216	116	144	154	150	152	152	183
July	179	[5] 229	117	144	154	150	152	152	202
August	183	233	118	145	155	150	153	152	----
September	185	236	118	145	157	151	154	153	----
October	188	240	119	146	158	151	155	154	220
November	--	--	--	--	159	151	156	155	----

Year and month	Index of prices received by farmers (August 1909–July 1941=100)								Ratio, prices received to prices paid, interest, and taxes
	Grains	Cotton and cottonseed	Fruits	Truck crops	Meat animals [6]	Dairy products	Chickens and eggs	All groups	
1925	157	177	172	153	141	153	163	156	92
1926	131	122	138	143	147	152	159	145	86
1927	128	128	144	121	140	155	144	139	84
1928	130	152	176	159	151	158	153	149	89
1929	120	144	141	149	156	157	162	146	87
1930	100	102	162	140	134	137	129	126	79
1931	63	63	98	117	92	108	100	87	62
1932	44	47	82	102	63	83	82	65	53
1933	62	64	74	105	60	82	75	70	59
1934	93	99	100	103	68	95	89	90	70
1935	103	101	91	125	117	108	117	108	83
1936	108	100	100	111	119	119	115	114	89
1937	126	95	122	123	132	124	111	121	90
1938	74	70	73	101	114	109	108	95	75
1939	72	73	77	105	110	104	94	92	74
1940	85	81	79	114	108	113	96	98	78
1941	96	113	92	144	144	131	122	122	91
1941—November	103	136	98	158	149	148	157	135	94
December	112	138	98	162	157	148	153	143	100
1942—January	119	143	102	204	164	148	147	149	102
February	121	150	98	161	173	147	135	145	99
March	122	151	111	136	180	144	130	146	97
April	120	158	118	158	190	142	131	150	99
May	120	159	131	152	189	143	134	152	100
June	116	153	148	169	191	141	137	151	99
July	115	155	131	200	193	144	145	154	101
August	115	151	126	256	200	151	156	163	107
September	119	156	129	191	195	156	166	163	107
October	117	158	134	226	200	165	173	169	110
November	117	160	127	238	197	171	178	169	109

[1] Federal Reserve Board, adjusted for seasonal variation. Revised September 1941.
[2] Total income, adjusted for seasonal variation. Revised November 1941. [3] Bureau of Labor Statistics.
[4] Bureau of Labor Statistics index with 1926=100, divided by its 1910–14 average of 68.5. [5] Revised.

NOTE.—The index numbers of industrial production and of industrial workers' income shown above are not comparable in several respects. The production index includes only mining and manufacturing, the income index also includes transportation. The production index is based on volume only, whereas the income index is affected by wage rates as well as by time worked. There is usually a time lag between changes in volume of production and workers' income, since output can be increased or decreased to some extent without much change in the number of workers.

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